

AMENDED IN SENATE JUNE 1, 2010

AMENDED IN SENATE APRIL 28, 2010

**SENATE BILL**

**No. 969**

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**Introduced by Senators Liu and Romero  
(Principal coauthor: Senator Price)  
(Coauthor: Senator Hancock)**

February 5, 2010

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An act to add Article 3.5 (commencing with Section 66027) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to public postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

SB 969, as amended, Liu. Public postsecondary education: student fee policy.

Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.

This bill would limit mandatory systemwide fees that are charged to resident undergraduate students enrolled in the University of California and the California State University to a specified amount, based on the average total cost of education, as defined, ~~at in the respective segment~~ *segments*. The bill would prohibit the trustees and the regents from increasing those mandatory systemwide fees by an amount exceeding

a specified percentage of those fees charged to students for the immediately preceding academic year, and would prohibit a specified mandatory systemwide fee increase adopted on or after ~~January~~ July 1, 2011, from being effective before 6 months have elapsed after the date on which the fee increase is adopted. The bill would also require the regents and the trustees to develop methodologies for the adjustment of fees in accordance with a prescribed procedure, and would require the California Postsecondary Education Commission to annually review, and report to the Legislature and the Director of Finance, its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

This bill would provide that ~~the act does its provisions would~~ not apply to the University of California, except to the extent that the Regents of the University of California adopt a resolution making ~~it~~ *them* applicable. The bill would request the regents to adopt policies that are consistent with ~~the act~~ *this bill*.

*These provisions would become operative on July 1, 2011.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The state has long recognized the value of providing broad
- 4 access to postsecondary education to the state's citizens. It has
- 5 demonstrated that commitment by investing in postsecondary
- 6 education and maintaining public student fee levels that are fiscally
- 7 responsible and affordable. The student fee principles expressed
- 8 herein seek to continue the state's historic commitment to ensuring
- 9 access and maintaining quality throughout the state's public
- 10 universities while recognizing the fiscal challenges that confront
- 11 both the state and postsecondary education.
- 12 (b) Historically, the state has borne the preponderance of
- 13 responsibility for providing the fiscal resources necessary to ensure
- 14 that all eligible state residents have access to high-quality
- 15 educational opportunities at the state's public colleges and
- 16 universities. Further, the state bears the principal and overarching
- 17 responsibility for ensuring that all financially needy students have
- 18 the financial assistance necessary for them to enroll in institutions

1 of higher education and complete their postsecondary education  
2 objectives.

3 (c) Changes in resident student fees or in student financial aid  
4 funding or packaging policies should take into consideration the  
5 total cost to the student of attending the university, including  
6 mandatory campus-based student fees, housing and living expenses,  
7 as well as all other expenses associated with university attendance.

8 (d) Any necessary increases in mandatory systemwide fees  
9 should be accompanied by appropriate increases in funding for  
10 need-based student financial aid.

11 SEC. 2. Article 3.5 (commencing with Section 66027) is added  
12 to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education  
13 Code, to read:

14  
15 Article 3.5. Student Fee Policy  
16

17 66027. The following state policies regarding mandatory  
18 systemwide resident fees and financial aid are established for  
19 students enrolled in the state's public universities:

20 (a) The total cost of a public postsecondary education should  
21 be a shared responsibility of students, families, and the State of  
22 California. However, in order to keep resident undergraduate  
23 student fees at the state's public universities as low and affordable  
24 as possible, the state shall bear the preponderance of responsibility  
25 for funding postsecondary education.

26 (b) So that students and their families can better prepare  
27 financially for college expenses, any changes in resident student  
28 fees should be gradual, moderate, and predictable. Any potential  
29 adjustments in resident student fees should take into consideration,  
30 and be balanced with, available state General Fund revenues to  
31 ensure that the access, quality, and affordability of the state's public  
32 universities are not adversely affected.

33 (c) Changes in resident student fees should take into  
34 consideration a number of factors, including the total cost of  
35 educating a student, the appropriate share of the cost of instruction  
36 to be paid by the student, and information concerning families'  
37 ability to pay. Student financial aid policy and programs should  
38 ensure affordability for students from all income levels.  
39 Recognition of these indicators will better ensure that changes in  
40 resident student fees are gradual and moderate.

1 (d) As changes in resident student fees and financial aid  
2 resources are considered, the state should have an understanding  
3 of the impact that these changes will have on both current and  
4 prospective students. Efforts should be employed to mitigate any  
5 negative impact on financially needy students.

6 (e) To the extent that budget decisions are made in a timely  
7 manner, adequate advance notice should be provided to students  
8 regarding future student fees, thereby allowing them and their  
9 families greater time to prepare for the fees to be assessed.

10 (f) In order to ensure that access is not precluded for any eligible  
11 student, but particularly financially needy students, all current and  
12 prospective students should be provided with timely information  
13 concerning student financial aid, including the processes associated  
14 with applying for and obtaining student financial assistance.

15 (g) Student fee and financial aid policies should encourage and  
16 promote a student's timely completion of the requirements  
17 necessary for degree attainment.

18 (h) To ensure that financially needy students are provided with  
19 assistance in managing the total cost of their university attendance,  
20 financial aid programs, including institutional aid, should be  
21 aligned with the distinct financial needs of the systems' student  
22 populations and student fee levels.

23 (i) Revenues derived from student fees should remain within  
24 the respective university system's budget in order to provide  
25 benefits to the students enrolled within the system.

26 66027.1. For each of the following segments of public  
27 postsecondary education, the mandatory systemwide fees charged  
28 to resident undergraduate students for any academic year shall not  
29 exceed the following amounts:

30 (a) For the University of California, 40 percent of the average  
31 total cost of education for that academic year.

32 (b) For the California State University, 30 percent of the average  
33 total cost of education for that academic year.

34 66027.2. (a) In any academic year, the trustees and the regents  
35 shall not increase the mandatory systemwide fees charged to  
36 resident undergraduate students enrolled in the respective  
37 institutions by an amount exceeding the percentage change in the  
38 ~~annual average value of the Implicit Price Deflator for State and~~  
39 ~~Local Government Purchases of Goods and Services for the United~~  
40 ~~States, as published by the United States Department of Commerce~~

1 for the 12-month period ending in the third quarter of the prior  
2 fiscal year, of the mandatory systemwide fees charged to those  
3 students for the immediately preceding academic year.

4 (b) This percentage change shall be determined using the latest  
5 data available as of May 10 of the preceding fiscal year compared  
6 with the annual average value of the same deflator for the 12-month  
7 period ending in the third quarter of the second preceding fiscal  
8 year, using the latest data available as of May 10 of the preceding  
9 fiscal year, as reported by the Department of Finance. The total  
10 amount of mandatory systemwide fees, as increased, shall not  
11 exceed the limits described in Section 66027.1: *state per capita*  
12 *personal income in the prior fiscal year. The total amount of*  
13 *mandatory systemwide fees, as increased, shall not exceed the*  
14 *limits described in Section 66027.1.*

15 (b) If the percentage change in the state per capita personal  
16 income as determined pursuant to subdivision (a) is negative, the  
17 change in per capita personal income for purposes of increasing  
18 fees shall be deemed to be zero.

19 66027.3. Any increase in the mandatory systemwide fees  
20 charged to a resident undergraduate student enrolled in the  
21 University of California or the California State University that is  
22 adopted on or after January July 1, 2011, shall not become effective  
23 before six months have elapsed after the date on which the fee  
24 increase is adopted.

25 66027.4. To carry out the responsibilities of this section, the  
26 regents and the trustees shall each develop a rational and  
27 transparent methodology for adjusting mandatory systemwide  
28 resident student fees consistent with the student fee policy  
29 principles set forth in Section 66027. These methodologies shall  
30 be developed in consultation with appropriate student  
31 representatives through student fee advisory committees and, once  
32 developed, shall be formally adopted by the regents and the  
33 trustees, respectively, in open public meetings. The annual budgets  
34 of the segments shall be drafted on the basis that fees will change  
35 in accordance with the methodology established under this section.

36 66027.5. Following the final action of its governing body, each  
37 system shall employ appropriate procedures to notify students of  
38 the student fees to be assessed in the upcoming academic year. In  
39 addition, each system shall simultaneously provide students with  
40 information concerning the availability of student financial aid

1 and the procedures for obtaining that aid in order to assist students  
2 with meeting the increased costs of university attendance.

3 66027.6. (a) Each year, prior to March 1, the California  
4 Postsecondary Education Commission shall review institutional  
5 compliance with the policies set forth in this article, and report, in  
6 writing, to the Legislature and the Director of Finance any findings,  
7 conclusions, or recommendations of the commission regarding the  
8 implementation of these policies.

9 (b) A report submitted pursuant to subdivision (a) shall be  
10 submitted in compliance with Section 9795 of the Government  
11 Code.

12 66027.7. As used in this article, the following terms have the  
13 following meanings:

14 (a) (1) “Average total cost of education” means the amount  
15 calculated by dividing the total cost of education for the University  
16 of California or the California State University, whichever is  
17 applicable, by the total number of full-time equivalent students  
18 enrolled at that segment.

19 (2) For purposes of paragraph (1), “total cost of education”  
20 means, for the University of California and the California State  
21 University, the sum of appropriations and projected revenues from  
22 all of the following:

23 (A) The General Fund.

24 (B) Higher education fees and income.

25 (C) The California State Lottery Education Fund.

26 (b) “Mandatory systemwide fees” means the fees that all  
27 students enrolled in the California State University or the  
28 University of California are required to pay in order to enroll in  
29 courses for the academic term pursuant to any law or any policy  
30 adopted by ~~its governing board~~ *the governing boards of the*  
31 *respective segments.*

32 (c) “Regents” means the Regents of the University of California.

33 (d) “Resident” means a student who is exempt from paying  
34 nonresident tuition pursuant to Chapter 1 (commencing with  
35 Section 68000) of Part 41.

36 (e) “*State per capita personal income*” means *calendar fourth*  
37 *quarter California personal income for the prior fiscal year, as*  
38 *estimated by the Bureau of Economic Analysis of the United States*  
39 *Department of Commerce, divided by the California civilian*

1 *population, as estimated by the Department of Finance pursuant*  
2 *to subdivision (d) of Section 13308 of the Government Code.*

3 ~~(e)~~

4 (f) “Trustees” means the Trustees of the California State  
5 University.

6 66027.8. (a) This ~~chapter~~ *article* shall not apply to the  
7 University of California, except to the extent that the regents, by  
8 appropriate resolution, make this ~~chapter~~ *article* applicable.

9 (b) The regents are requested to adopt policies governing  
10 increases in mandatory systemwide fees that are consistent with  
11 this ~~chapter~~ *article*.

12 66027.9. *This article shall become operative on July 1, 2011.*